

AMENDED IN ASSEMBLY JULY 7, 2011

AMENDED IN ASSEMBLY JUNE 28, 2011

AMENDED IN SENATE MAY 2, 2011

AMENDED IN SENATE APRIL 25, 2011

SENATE BILL

No. 596

Introduced by Senator Price

February 17, 2011

An act to amend Sections 790.034 and 10089.2 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 596, as amended, Price. Insurance: disclosures.

Existing

(1) *Existing* law requires an insurer, upon receiving notice of a claim, to immediately, but not more than 15 calendar days after receipt, provide the insured with a legible reproduction of the specified Insurance Code section, in at least 12-point type, detailing acts prohibited as unfair trade practices, and a written notice, as specified.

This bill would revise the written notice and require that it be provided to the insured with a legible reproduction of only specified portions of the Insurance Code in at least 10-point type.

(2) *Existing* law requires an insurer, whether requested orally or in writing by an insured, to provide the insured with a copy of the Fair Claims Settlement Practices Regulations, as specified, within 15 calendar days of the request.

This bill would additionally require the insurer to provide a legible reproduction of specified provisions of the Insurance Code when requested by the insured, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 790.034 of the Insurance Code is
2 amended to read:

3 790.034. (a) Regulations adopted by the commissioner
4 pursuant to this article that relate to the settlement of claims shall
5 take into consideration settlement practices by classes of insurers.

6 (b) (1) Upon receiving notice of a claim, every insurer shall
7 immediately, but no more than 15 calendar days after receipt of
8 the claim, provide the insured with a legible reproduction of
9 subdivisions (h) and (i) of Section 790.03 along with a written
10 notice containing the following language in at least 10-point type:

11
12 “In addition to subdivisions (h) and (i) of Section 790.03 of the
13 Insurance Code, Fair Claims Settlement Practices Regulations
14 govern how insurance claims must be processed in this state. These
15 regulations are available at the Department of Insurance Internet
16 Web site, www.insurance.ca.gov. You may also obtain a copy of
17 this law and these regulations free of charge from this insurer.”

18
19 (2) Every insurer shall provide a copy of subdivisions (h) and
20 (i) of Section 790.03 of the Insurance Code and, whether requested
21 orally or in writing by an insured, when requested orally or in
22 writing by an insured, a legible reproduction of Section 790.03 of
23 the Insurance Code and copies of Sections 2695.5, 2695.7, 2695.8,
24 and 2695.9 of Subchapter 7.5 of Chapter 5 of Title 10 of the
25 California Code of Regulations, unless the regulations are
26 inapplicable to that class of insurer. This law and these regulations
27 shall be provided to the insured within 15 calendar days of request.

28 (3) The provisions of this subdivision shall apply to all insurers
29 except for those that are licensed pursuant to Chapter 1
30 (commencing with Section 12340) of Part 6 of Division 2, with
31 respect to policies and endorsements described in Section 790.031.

32 SEC. 2. Section 10089.2 of the Insurance Code is amended to
33 read:

34 10089.2. (a) (1) Subject to the approval of the commissioner,
35 every insurer subject to this chapter shall, at the time of offering

1 to issue or offer to renew coverage as part of the offer of coverage
2 required by Section 10081, disclose to the applicant, in writing as
3 a freestanding document or in the same document containing the
4 offer of coverage required by Section 10081, which brings attention
5 to the applicant, all discounts or surcharges, if any that are available
6 from the insurer for that insurance and for any related insurance
7 provided under that coverage as part of the offer of coverage
8 required by Section 10081.

9 (2) The insurer shall provide and disclose in writing any
10 discounts or surcharges, if any, for earthquake hazard reductions,
11 which shall include, but not be limited to, retrofitting of the
12 residential dwelling by tying the structure to the foundation or
13 bracing the structure to the foundation, reinforcement of the
14 fireplace chimney, or securing of the hot water heater, and any
15 other discounts that are available from the insurer.

16 (b) Each insurer that offers earthquake insurance through
17 licensed agents or brokers shall provide in writing the document
18 required in subdivision (a) and any documents required by
19 subdivision (a) of Section 10083 to the agents and brokers listing
20 all of the discounts or surcharges, if any, that are required to be
21 disclosed to the applicant under this section, and shall require its
22 agents and brokers to make the disclosures required by this section.

23 (c) An insurer is not subject to this section where an insured
24 has completed earthquake hazard reductions and the insurer has
25 provided discounts or surcharges for the specific policy in the form
26 of premium rate changes.